
Executive Committee Minutes

Friday, January 16, 2009

2:00 PM – 3:30 PM

1100 San Leandro Blvd.

Conference Room A

COMMISSIONERS PRESENT: Chair: Pamela Simms-Mackey, M.D., Alex Briscoe

COMMISSIONERS NOT PRESENT: Vice Chair: Helen Mendel, CMD, Albert Wang

STAFF PRESENT: Janis Burger, Mark Friedman, Rebecca Gebhart, Nancy Lee, ZeeLaura Page, Patricia Zapanta

Chair Pamela Simms-Mackey, called the meeting to order at 2:08 PM.

AGENDA ITEM

1. Public Comment

There was no public comment.

2. Approval of Minutes from June 20, 2008, September 23, 2008, October 28, 2008, and December 5, 2008 meeting

The Executive Committee minutes from June 20, 2008, September 23, 2008, October 28, 2008, and Dec. 5, 2008 will be approved upon arrival of Commissioner Alex Briscoe.

3. Financial Report as of October 31, 2008

Rebecca Gebhart, Director of Finance and Administration presented the Financial Report.

Ms. Gebhart reported that, as of December 31, revenue was \$7,707,812, or 29.2% of the revenue projection. Being below the budget projection at this time of year is not unusual; last year the revenue at this point was at 26.7% of the budget.

- First, as usual, the receipt of the monthly tobacco tax allocation is two months in arrears. \$5,818,765 was received for the first four months of the year, representing 34.8% of the budget projection. If the trend of the first five months of tobacco tax revenue continues, the tobacco tax allocation at year end will be \$16,134,007, which is lower than our current budget projection of \$16,712,800. We will adjust the tobacco tax revenue projection to be in alignment with the actual revenue and the adjustment will be reflected in the proposed Budget Modification.

Commissioner Alex Briscoe arrived at 2:11pm.

- With regard to Income from Alameda County agencies, currently only \$74,700 is budgeted which is the Public Health Department's share of ECChange hosting and maintenance fees. However, we have received confirmation from the Alameda County Child Care Planning Council that First 5 will receive \$927,141 from AB212 funding for professional development and stipends for school-age providers, and for training ECE providers on accessing the SART (Screening, Assessment, Referral and Treatment) system. This change to the budget will be made during the February 2009 Budget Modification.
- As of December 31, we had not received any of the federal earmarks for Early Care and Education. It is on a reimbursement schedule which will begin in calendar 2009. We received the first payment of the First 5 California School Readiness grant, in the amount of \$917,177, and a payment from the state CARES program in the amount of \$222,944.
- Fiscal Leveraging Funds are at \$225,000 which is 41.3% of the budget projection. We will prepare the invoices for Medi-Cal Administrative Activities (MAA) in March 2009.
- Investment revenue is \$513,069 or 31.3% of the budget projection. This projection tends to run behind all year due to the reversal of the year-end accrual, and then will catch up at year-end.
- Sustainability funds are used at year-end to close the gap between revenue and expenses and are from the First 5 Alameda County Sustainability Fund reserve. The amount authorized by the Commission for use in 2008-09 is \$5,459,052. In past years, the full allocation of sustainability funds has not been needed due to budget savings.

Ms. Gebhart reported that Total Expenses are \$9,658,306, which is 36.59% of the budget amount of \$26,395,320. This amount is consistent with spending patterns from prior years; at this point last year Expenses were \$9,022,596 on a total budget of \$27,153,616, or 33.23% spent. In most line items, the percentage spent is under 50%.

Ms. Gebhart stated that it is important to note that General Expenses that are allocated to all programs are posted throughout the year to the Administration budget. However, costs are allocated across programs at year-end. She stated that the Revenue and Expenses are appropriate for this time of year.

Ms. Gebhart stated that the Budget Modification will be presented in February instead of January because of the focus on the Strategic Planning Funding Allocation.

The Executive Committee recommended the Financial Report to the full Commission for approval upon motion by Chair Simms-Mackey, seconded by Alex Briscoe and unanimously carried (2 in favor, 0 opposed).

4. Investment Report

Ms. Gebhart presented the Investment Report to the Executive Committee.

Ms. Gebhart reported that at 2007-08 year-end, the market value of the funds with MBIA and Chandler was \$38,227,901. As of October 31, 2008, the market value of the portfolio was \$38,570,934, an increase of \$343,033. As of December 31, 2008, the market value of the portfolio was \$39,834,891, an increase of \$1,606,990.

Ms. Gebhart stated that the increase in the market value of the portfolio from October 31st to December 31st. The amount of increase during this period was \$1,263,957. We investigated this and found that during this period there was an increase in the value of the federal agency instruments, such as Fannie Mae and Freddie Mac, and the treasury notes, which can be seen on the 12-31-08 holdings report. This was confirmed by the investment custodial account staff at Union Bank of California.

Ms. Gebhart stated that in general, interest rates that generate yield are continuing to drop. Our high yield percentage is a result of instruments purchased a year or two ago that had a longer maturity. Finally, the Marsh & Ilsley holding that was on watch was sold on 12-12-08. It was downgraded to BBB+ but we have no exposure since it was sold earlier in December. She stated that the report represents six months (July 1, 2008 – December 31, 2008) of the money managers' investment earnings (\$859,431), earnings from interest on our funds at Union Bank (\$9,238), and earnings from the Alameda County investment pool (\$71,829). The earnings from the Alameda County pool only reflect the first quarter. Total earnings received are \$930,950.

Ms. Gebhart stated that it is important to note that the 2008-09 earnings will include much of the first quarter's earnings of 2009-2010. She stated that the total Investment income after the reversal of the accrual was \$513,069.

Patricia Zapanta, Controller stated that the money manager referred to the current state of the market as a "bizarre market". She reiterated that there has been an increase in the purchase of federally backed instruments. She stated that people believe that these are the safest investments because these are backed by the government.

Ms. Gebhart stated that the money managers continue to provide great communication and feedback. She stated that after the strategic planning is finished the money managers will be invited to present to the Commission.

The Executive Committee recommended the Investment Report to the full Commission for approval upon motion by Chair Simms-Mackey, seconded by Alex Briscoe and unanimously carried (2 in favor, 0 opposed).

5. Contract authorizations

Ms. Gebhart presented the Contract authorizations to the Executive Committee.

- Recommend an aggregate contract of \$30,000 for Fremont Unified School District and \$30,000 for Livermore Joint Unified School District. We are requesting 6 month contracts at \$10,000 each through June 30, 2009 to continue seamless Year Round School Readiness activities and Summer Pre-K Planning.
- Requesting approval for a \$5,000 contract through June 30, 2009 with Bananas to support the North County AA Degree program. These funds will be used to continue to pay the rent for the Professional Development Coordinator at Bananas. First 5 Alameda County has multiple awards* to Bananas bringing the aggregate contract amount to \$370,500.00 for FY2008-09.
- Authorize a contract increase of \$20,250.00 bringing the total contract amount to \$281,000.00 for 2008-09. The additional funds will allow the Inclusion Coordinator to operate at full time status between January 2009 and June 2009.
- Approval for a \$24,844.00 contract with the City of Fremont to develop SART infrastructure in the Tri-City area of Alameda County. The addition of \$24,844.00 brings the aggregate contract amount to \$99,844.
- First 5 currently has a \$862,231.00 contract with The Center for maintenance of the ECChange data system and expansion of ECC Online. An additional \$300,000.00 contract would bring the total contract amount to \$1,162,231.00. Alameda County Behavioral Health Care Services (Public Health Department) will pay First 5 \$300,000 for the development of the Pathways Data System.

Commissioner Briscoe asked if some of the funds for the large community organizations are being claimed through MAA/TCM. He asked if the organizations are using First 5 funds to leverage funds.

Ms. Gebhart responded that we will review the Pathways data system development being done by The Center. The funding is potentially claimable by Medi-Cal Administrative Activities since the data system tracks referrals to Medi-Cal covered services.

Chair Simms-Mackey stated that there will be some Commissioner conflict of interest with contract authorizations.

The Executive Committee recommended the Contract Authorizations to the full Commission for approval upon motion by Chair Simms-Mackey, seconded by Alex Briscoe and unanimously carried (2 in favor, 0 opposed).

6. Funding Request for Health Insurance

Chief Executive Officer Mark Friedman reported that MRMIB is asking First 5 Commissions throughout the state to commit to funding all new enrollments for children from birth to five until the end of the fiscal year (June 30, 2009). The total cost is projected to be \$16.5 million. Each County Commission's share of that cost was

determined based upon the number of children 0 to 5 currently enrolled in Healthy Families from each county. The amount requested from First 5 Alameda County is \$375,635.35.

Mr. Friedman states that so far he has not received a report that any of the counties have decided not to participate.

Mr. Friedman stated that the State Commission has agreed to pay the amount up front and be reimbursed by the county commissions. He stated that the state will spend the 16.5 million on health care one way or another.

The Executive Committee recommended the Funding Request for Health Insurance to the full Commission for approval upon motion by Chair Simms-Mackey, seconded by Alex Briscoe and unanimously carried (2 in favor, 0 opposed).

7. Strategic Planning Funding Allocation Recommendation

Ms. Gebhart reported that yesterday there was a one and a half hour meeting with the Strategic Planning Task Force, where they reviewed the Funding Allocation Recommendation in detail. She stated that during that meeting there was an addition to the recommendation assumptions. They added the assumption, that with the exception of capital grants to child care, there is no capital funding in the Funding Allocation recommendation. The focus instead is on direct services to families, training for providers and systems change.

Ms. Gebhart stated that there were some minor additions of clarifying language and the addition of a box that outlines where funding has been committed from partner agencies to support the SART system.

The Executive Committee recommended the Funding Allocation Recommendation to the full Commission for approval upon motion by Chair Simms-Mackey, seconded by Alex Briscoe and unanimously carried (2 in favor, 0 opposed).

Board Action: The Executive Committee approved the minutes from June 20, 2008, September 23, 2008, October 28, 2008, and Dec. 5, 2008 upon motion by Chair Simms-Mackey, and seconded Alex Briscoe by unanimously carried (2 in favor, 0 opposed).

8. Adjournment

Chair Simms-Mackey adjourned the meeting at 2:51pm.